

FISCAL NOTE

Bill #: HB0672

Title: Authorize transfer of school general fund balance to flex fund

Primary Sponsor: Butcher, E

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$287,245	\$293,100
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$287,245)	(\$293,100)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

- Any K-12 public school district will transfer 10 percent of the unreserved fund balance of the general fund to the school flexibility fund, as allowed by HB 672.
- HB 672 would allow K-12 public school districts to transfer \$1 million that would have been reappropriated to lower guaranteed tax base aid into their flexibility fund.
- Calculations for HB 672 fiscal note purposes to use present law information. Per-ANB and basic entitlements used were as follows:

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Basic entitlement EL	\$19,859	\$20,276	\$20,720
Basic entitlement HS	\$220,646	\$225,280	\$230,213
Per-ANB entitlement EL	\$4,031	\$4,116	\$4,206
Per-ANB entitlement HS	\$5,371	\$5,484	\$5,604
Direct State Aid Percentage	44.7%	44.7%	44.7%

- Present law (MCA 20-9-326) requires the Governor to include inflation adjustments for the entitlements in the recommendations presented to the legislature. These present law entitlements result in the following

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(continued)

expenditures: direct state aid will be \$329.36 million in FY 2006 and \$332.62 million in FY 2007.

Special education payments remain at \$36.4 million in FY 2006 and FY 2007. Guaranteed tax base aid to schools will be \$104.62 million in FY 2006 and \$105.40 million in FY 2007.

5. HB 672 has no fiscal impact on Direct State Aid or Special Education funding for K-12 public school districts.
6. Under HB 672, guaranteed tax base aid paid to schools will increase \$0.29 million in FY 2006 and \$0.29 million in FY 2007.

FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Funding of Expenditures:</u>		
General Fund (01)	\$287,245	\$293,100
<u>Revenues:</u>		
General Fund (01)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$287,245)	(\$293,100)

TECHNICAL NOTES:

1. The title of HB 672 states that the money will be used for facility repair and maintenance, but the text of the bill does not specify that the money will be used for facility repair and maintenance. The bill only adds "repair, maintenance," to the other uses that the flexibility fund can be spent for.